

## Message Text

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ACTION L-03

INFO OCT-01 NEA-10 IO-13 ISO-00 FTC-01 JUSE-00 EB-07  
AID-05 TRSE-00 CIAE-00 INR-07 NSAE-00 SSO-00  
INRE-00 PM-04 NSC-05 SP-02 SS-15 NSCE-00 PRS-01  
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O 260740Z JUN 77  
FM AMEMBASSY ALGIERS  
TO SECSTATE WASHDC IMMEDIATE 6703  
INFO USMISSION GENEVA IMMEDIATE  
USMISSION USUN NEW YORK IMMEDIATE

C O N F I D E N T I A L ALGIERS 1581

E.O. 11652: GDS  
TAGS: EGEN, EINV, UN ECOSOC, AG  
SUBJECT: ILLICIT PAYMENTS

REF: STATE 144233

1. SUMMARY. EMBOFFS DISCUSSED CORRUPT PRACTICES ISSUES WITH MFA OFFICIALS. WHILE GOA IN PRINCIPLE "NOT AGAINST" AGREEMENT, ALGERIA WANTS LINK WITH CODE OF CONDUCT FOR TRANSNATIONAL CORPORATIONS. POSITION APPARENTLY DICTATED MAINLY BY CONSIDERATIONS OF SOLIDARITY WITH MAJORITY WITHIN SEVENTY-SEVEN. ALGERIAN REP AT GENEVA WORKING GROUP MEETING SEES LITTLE CHANCE FOR AGREEMENT ALONG LINES US DRAFT ECOSOC RESOLUTION. END SUMMARY.

2. DCM AND ECON OFF MET JUNE 25 WITH ABDELKADER HADJ-AZZOUT, DIRECTOR FOR INTERNATIONAL ORGANIZATIONS AT MFA, AND FASLA, ALGERIAN REP ON ECOSOC INTER GOVERNMENT-AL WORKING GROUP ON PROBLEM OF CORRUPT PRACTICES.

3. DCM REFERRED TO ALGERIAN DEMONSTRATIONS OF CONCERN OVER ILLICIT PAYMENTS, AS ILLUSTRATED BY APPROACHES TO AMBASS-  
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ADOR PARKER BY SONATRACH PRESIDENT GHOZALI AND FORMER INDUSTRY AND ENERGY MINISTER ABDESSELAM AND BY REQUESTS FOR INFORMATION BY SONATRACH US LAWYERS TO US DEPARTMENT OF JUSTICE. DCM THEN PRESENTED COPY OF US DRAFT ECOSOC RESOLUTION AND REQUESTED ALGERIAN SUPPORT AS PER PARA FOUR REFTTEL.

4. FASLA (WHO DID MOST OF TALKING FOR ALGERIAN SIDE) FIRST SAID ALGERIA "NOT AGAINST AGREEMENT ON CORRUPT PRACTICES IN PRINCIPLE", THEN PROCEEDED TO OUTLINE POSITION THAT IN EFFECT REJECTS US DRAFT AND LINKS CORRUPT PRACTICES TO CODE OF CONDUCT ON TNCS.

5. FASLA SAID SEVENTY-SEVEN HAD TAKEN VIEW THAT TNC QUESTION WAS OF HIGHEST PRIORITY AND THAT CORRUPT PRACTICES SHOULD NOT BE SEPARATED. ALGERIA HAD TO MAINTAIN LDC SOLIDARITY. THERE WAS NO GENERAL ACCEPTANCE OF THE PRINCIPLE OF A SEPARATE AGREEMENT ON CORRUPT PRACTICES. HE SAW NO CHANCE OF AGREEMENT TO RECOMMEND 1978 CONFERENCE IN WORKING GROUP AND LITTLE IN FULL ECOSOC. FEW LDCS WERE REPRESENTED IN WG AND SOME OF THOSE DID NOT ATTEND MEETINGS SO WG POORLY PLACED TO SPEAK FOR SEVENTY-SEVEN. HE SAID ALGERIA WAS FLEXIBLE ON QUESTION OF MEMBERSHIP OF WG, WHICH UNDER US PROPOSAL WOULD BECOME PREPARATORY COMMITTEE, BUT MEMBERSHIP BECAME A QUESTION ONLY IF WG WERE CONTINUED, WHICH IN TURN DEPENDED ON AGREEMENT TO RECOMMEND CONFERENCE. HE REPEATED SEVERAL TIMES THAT HE DID NOT THINK RECOMMENDATION FOR CONFERENCE WAS POSSIBLE.

6. WE POINTED OUT THAT LINKING CORRUPT PRACTICES AND TNC QUESTIONS WOULD CAUSE INTERMINABLE DELAYS IN DEALING WITH CORRUPT PRACTICES AND THAT THESE PRACTICES WERE

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THESE INVOLVE MORE THAN JUST TNCS. THESE WERE FAMILIAR ARGUMENTS FOR FASLA, WHO SEEMED UNIMPRESSED.

7. FASLA SAID SEVENTY-SEVEN HAD AGREED ONLY TO DISCUSS CORRUPT PRACTICES IN WG, NOT TO REACH AGREEMENT SEPARATE FROM TNC CODE. HE SAID CORRUPT PRACTICES QUESTION WAS NOT OF HIGH PRIORITY FOR LDCS, EXCEPT PERHAPS FOR IRAN.

8. WE ATTEMPTED TO GET CLEAR STATEMENT OF VIEWS OF ALGERIA AS DISTINCT FROM THOSE OF SEVENTY-SEVEN AS GROUP BUT WITH LITTLE SUCCESS. WE HAVE IMPRESSION ALGERIA NOT LEADING THE SEVENTY-SEVEN IN OPPOSITION TO SEPARATING CORRUPT PRACTICES FROM GENERAL TNC QUESTION BUT EQUALLY WE DOUBT THAT GOA CAN BE SEPARATED FROM LDC MAJORITY OPINION, WHICH FASLA STRESSED IS STRONG FOR LINKING THE TWO QUESTIONS, PARTICULARLY AMONG LATIN AMERICANS AND AFRICANS.

9. HADJ-AZZOUT WAS MORE CONCILIATORY THAN FASLA BUT DID NOT CONTRADICT HIS POSITION. UNFORTUNATELY, WE SUSPECT THAT FASLA'S IS THE MORE AUTHORITATIVE VOICE

ON THIS ISSUE.HAYNES

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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